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**NEWS RELEASE**

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Auditor of State David A. Vaudt today released a report on the Chariton Valley Planning & Development Council of Governments (Council) for the period July 1, 2007 through August 31, 2010. The Council is located in Centerville, Iowa and serves a 4 county region in southeastern Iowa, including all the cities within the region. The Council was established in accordance with Chapter 28H of the *Code of Iowa*. The primary functions of the Council are to stimulate and support job creation, business investment, attract and retain a skilled workforce, cultural enhancement, improve the quality of life and provide for infrastructure installation and maintenance.

The review was requested by the Iowa Department of Economic Development (DED) (now the Iowa Economic Development Authority). DED requested the review be performed after the U.S. Department of Commerce, Economic Development Administration (EDA) completed a Peer Performance Evaluation and Recommendation Report in which concerns about the Council's financial and operational management and Board oversight were identified.

Vaudt reported the review identified \$101,789.38 of disbursements which were an unallowable use of federal funds for programs administered by the Council. Of the \$101,789.38 of unallowable disbursements identified, \$53,976.06 was improper for operations of the Council and should not have been paid for with either federal or other Council funds. The remaining \$47,813.32 of disbursements identified were reasonable for operations of the Council, but did not qualify to be paid for with federal funds.

Of the improper disbursements identified, \$46,805.00 was paid to Tracy Daugherty, the Council's former Executive Director, as follows:

- \$17,976.53 of excess payroll resulting from unapproved raises and \$1,913.82 of related FICA and IPERS payments,
- \$13,489.71 of improper compensatory time payments,
- \$438.97 of improper termination pay and related IPERS payments,
- \$11,950.00 of excessive rent payments and
- \$1,035.97 of improper reimbursements.

The remaining \$7,171.06 of improper disbursements include \$5,560.73 of credit card charges and \$1,610.33 paid to vendors for items such as flowers, alcohol, food, pop and decorative items.

The \$47,813.32 of disbursements identified as reasonable for operations of the Council but unallowable for federal purposes include Ms. Daugherty's termination pay and disbursements for meetings, travel, supplies, furniture and equipment to establish the Council's office. Some of these disbursements may have been allowable for federal programs, but the lack of support or information documenting the purpose of the disbursement prevented a determination of whether the disbursement was allowable for the federal programs. The \$47,813.32 includes the following:

- \$3,625.00 paid to Ms. Daugherty for her termination payout,
- \$252.15 paid to IPERS as a result of Ms. Daugherty's termination payout,
- \$823.30 paid to Ms. Daugherty as reimbursements for travel and supplies,
- \$17,851.90 of credit card purchases for furniture, decorations for the Council's office and supplies and
- \$25,260.97 to various vendors, including Staples, Hy-Vee and Wal-Mart, for food, kitchen supplies for the office kitchenette, cleaning supplies and office supplies.

Vaudt also reported the Council's allocation of expenditures to state and federal programs cannot be supported because the Council failed to maintain a current approved cost allocation plan and documentation to show how costs were allocated. As a result, it was not possible to determine if the costs allocated to each program were correct or if costs not allocated to a program could have been allocated to a program administered by the Council. Because it was not possible to determine if direct charges and other costs were allocated properly to each program, it is possible program funds from one program may have been used to pay the expenditures of another program which did not have sufficient resources. Disbursements which cannot be directly charged to a federal program or allocated through the indirect cost allocation plan should be paid for from non-federal sources.

The report includes recommendations to the Council to strengthen certain controls, such as improving segregation of duties and requiring monthly financial reports be provided to the Board for review. In addition, Vaudt recommended the Council develop a cost allocation plan, maintain supporting documentation for disbursements, adopt a credit card policy and ensure time sheets are reviewed and approved.

Copies of the report have been filed with the Iowa Economic Development Authority, the U.S. Department of Commerce - Economic Development Administration and the Attorney General's Office. A copy of the report is also available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/1160-2690-BC00.pdf>.

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